

## Message Text

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20

ACTION AF-18

INFO OCT-01 ADP-00 IO-13 CIAE-00 DODE-00 PM-07 H-02 INR-10

L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 SR-02 ORM-03 RSR-01 /122 W  
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R 230800 Z JUN 73

FM AMEMBASSY BUJUMBURA

TO SECSTATE WASHDC 3856

INFO AMEMBASSY KIGALI

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E. O. 11652: N/A

TAGS: PFOR, EAGR, ETRD, BY, US

SUBJECT: GROWERS' SHARE IN BURUNDI COFFEE INCOME

REF BUJUMBURA 619

1. EMBASSY STRUCK BY UNSUPPORTED STATEMENTS IN CARNEGIE REPORT ( WHICH HAS BEEN RECEIVED) ABOUT SMALL SHARE OF HUTU GROWERS IN BURUNDI' S TOTAL COFFEE INCOME. THIS APPEARS BE SUBSTANTIALLY IN ERROR WITH REGARD PAST, EVEN MORE SO THIS YEAR.

2. BULK OF BURUNDI COFFEE PRODUCED BY 400,000 SMALL GROWERS, MOSTLY HUTU. ACCORDING OFFICIAL OCUBU ( GOVERNMENT COFFEE AGENCY) REGULATIONS ( COPIES BEING POUCHED AF/ C AND E/ TRP), THESE GROWERS RECEIVE GUARANTEED PRICE, WHICH FOR 1973 IS 29 CENTS PER POUND MILLED COFFEE, EXACTLY ONE HALF OF PRESENT PRICE RECEIVED FOB DAR- ES- SALAAM, AND ARATHER HIGH PROPORTION COMPARED MANY US FARM PRODUCTS. ( 1972 GROWERS' PRICE WAS 23 CENTS PER POUND).

3. FOR 1973 HARVEST, BUYERS WITHIN BURUNDI GET LESS THAN ONE CENT PER POUND; EXPORTERS THREE PERCENT OF DAR PRICE. OCIBU RECEIVES ROUGHLY 2.8 CENTS FOR VARIOUS  
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PROJECTS INTENDED BENEFIT COFFEE INDUSTRY IN BURUNDI;  
ABOUT TWO- THIRDS ENABLES OCIBU TO PROVIDE FARMERS WITH  
INSECTICIDES AND OTHER MATERIALS EITHER FREE OR AT  
NOMINAL COST. ABOUT 7.5 CENTS OF EXPORT PRICE PER  
POUND GOES FOR FIXED TAXES; ADDITIONAL VARIABLE TAX  
( 40 PERCENT OF WHAT REMAINS AFTER FIXED ITEMS ACCOUNTED  
FOR) RISES FROM ZERO AT 48 CENTS/ LB. FOB DAR TO  
ABOUT 3.8 CENTS AT 58 CENTS/LB. STABILIZATION FUND RECEIVES  
ABOUT 1.5 CENTS PER POUND PLUS ANOTHER 60 PERCENT OF  
EXCESS OVER FIXED ITEMS, I. E., ABOUT 5.7 CENTS AT CURRENT  
PRICES. REMAINING 5 CENTS MOSTLY FOR MILLING AND  
TRANSPORTATION.

4. IT IS TRUE THAT IN RECENT YEARS SINGLE BURUNDI- OWNED  
FIRM, ACB, HAD EXCLUSIVE RIGHT BUT AT FARM AND OFTEN USED  
THIS QUASI- MONOPOLY POSITION TO FORCE GROWERS TO ACCEPT  
LESS THAN GOVERNMENT FIXED PRICE. MANY OTHER BUYERS,  
BURUNDI, GREEK AND ARAB, ACTIVE IN PROVINCIAL COMMERCIAL  
CENTERS, HOWEVER, AND ACB LEVERAGE THUS LIMITED BY  
FARMER' S ALTERNATIVE OF TAKING COFFEE TO TOWN AND  
SELLING IT THERE. WHILE INDIVIDUAL GROWERS MAY  
THUS ON OCCASION HAVE BEEN ROOKED, IT APPEARS THAT  
ON AVERAGE GROWERS RECEIVED NEARLY GOVERNMENT SET  
PRICE.

5. THIS YEAR, ACB HAS LOST MONOPOLY POSITION, AND  
WE ARE TOLD COMPETITION AMONG BURUNDI FIRMS KEEPING  
PRICE TO GROWER AT OR SLIGHTLY ABOVE GOVERNMENT MINIMUM.  
SPEECH BY PRIME MINISTER THIS SPRING INDICATED GROWERS  
IN NORTH AT LEAST SOMETIMES SELL IN RWANDA WHEN THEY  
THINK THEY CAN GET A BETTER DEAL THERE, AND THIS  
OPTION PRESUMABLY EXISTED IN PREVIOUS YEARS AS WELL.

6. BOTH RWANDA AND BURUNDI COFFEE KNOWN IN TRADE AS  
OCIRU COFFEE. INFORMED SOURCES STATE THAT IN CASE OF  
BOYCOTT BUYERS MIGHT HAVE DIFFICULTY DISTINGUISHING.  
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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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